

January 2026



DISCIPLINE OVER MOMENTUM: A STRATEGY FOR ALL SEASONS

Hugh MacNally, PPM Executive Chair and Portfolio Manager

In an environment where concentrated bets and momentum-driven strategies have faced significant headwinds, investors are being reminded of a timeless truth: discipline matters. The Growth at Reasonable Price (GARP) investment approach offers a compelling middle ground between aggressive growth investing and traditional value strategies—one that has historically helped investors navigate volatile markets while still participating in long-term wealth creation.

Avoiding the Two Major Pitfalls

History shows us that long-term underperformance in equity portfolios typically stems from two primary causes: excessive financial leverage that causes distress during difficult periods (as witnessed in 1987 and 2007), and overvaluation that leads to sharp corrections when sentiment shifts (as seen in 2000 and 2021). A GARP approach specifically addresses both risks by focusing on quality companies with strong balance sheets and valuations that reflect realistic growth expectations rather than speculative optimism.

The Volatility Question

Recent market conditions have highlighted a critical consideration for investors: the relationship between volatility and client outcomes. Strategies that deliver exceptional returns during bull markets but experience severe drawdowns during corrections can leave investors worse off—not just financially, but emotionally. When portfolios swing dramatically, investors often make poor timing decisions, selling at lows and missing recoveries.

Consider the contrast in risk profiles: aggressive growth strategies can experience volatility nearly double that of more balanced approaches, with drawdown risk during difficult periods potentially exceeding 30%. For investors with specific financial goals or retirement timelines, such volatility introduces unnecessary uncertainty.

Quality and Diversification

A GARP philosophy naturally leads to well-diversified portfolios positioned in quality companies with healthy cash flows. Rather than concentrating holdings in a narrow group of high-momentum names, this approach spreads risk across sectors and geographies while maintaining strict valuation discipline. Purchases are made in stocks where valuations are attractive—not simply because prices are rising.

This matters particularly now. Global technology valuations remain elevated, and portfolio concentration in a handful of mega-cap names has created hidden risks for many investors. A diversified portfolio of strong companies, without speculative positions, can still deliver attractive returns while providing meaningful downside protection.

Why Now?

Markets have been on a remarkable run, and strategies that thrived by “buying the dip” during an extended bull market now face a more challenging environment. With uncertainty around interest rates, geopolitical tensions, and economic policy, the argument for risk reduction in equity allocations has strengthened.

Investing in a way that won't devastate your portfolio if market conditions deteriorate isn't about pessimism—it's about prudent long-term planning.

The goal isn't to capture every point of upside during euphoric periods, but to compound wealth steadily over time while avoiding the catastrophic drawdowns that can permanently impair investment outcomes.

In uncertain times, discipline and valuation awareness aren't constraints on returns—they're the foundation of sustainable wealth creation.

PPM in Summary

5 Investment Strategies

1. Australian Equities
2. Global Equities
3. Fixed Interest
4. Multi-Asset Growth
5. Multi-Asset Income



Aligned Interest

Our independence is our advantage: no competing priorities, no external stakeholders, just undivided focus on delivering strong risk adjusted returns and service for our clients over the long term.

1995

Established to provide a distinct investment management service to a select group of investors.

The Team

18 years average industry & 13.5 years average experience together at PPM.

Strong track record

8-12%*

Aiming to generate 8-12% return per annum through any investment cycle.

FUM

\$950m

Funds under management.

As at 31 December 2025. Differences due to rounding.

*See rolling 10-year return form IMA Australian and Global Equities Growth Portfolios.



IMAP
MANAGED ACCOUNT AWARDS
INTERNATIONAL EQUITIES

FINALISTS: 2019 | 2022
2023 | 2024 | 2025

For investment inquiries please contact us on (02) 8256 3777 or visit our website at www.ppmfunds.com

This document does not take into account individual's objectives, financial situation or needs. You should assess whether the information is appropriate for you and consider talking to a financial adviser before making any investment decision. Past performance is not necessarily indicative of future returns. The financial service detailed in this document does not represent a deposit or a liability and is subject to investment risk including possible loss of income and capital. Neither PPM nor its directors or employees or any associate guarantee the repayment of capital, payment of income or any fund or Portfolio's performance. The information provided in this document is intended for general use only and is taken from sources which are believed to be accurate but PPM accepts no liability of any kind to any person who relies on the information contained in this document. © Private Portfolio Managers Pty Limited ABN 50 069 865 827 AFS Licence No. 241058

Private Portfolio Managers Pty Limited
ACN 069 865 827
AFS Licence No 241058

Level 2, Suite 203, 343 George Street
Sydney NSW 2000
GPO Box 5491 Sydney NSW 2001

T +612 8256 3777
www.ppmfunds.com